



Diversified Energy Corporation and Evergreen Pulp, Inc Selected by State of California for Renewable Energy Project

July 31, 2007 – Gilbert, AZ – Diversified Energy Corporation and Evergreen Pulp, Inc today announced they have been selected by the State of California for a \$500k 36-month renewable energy project. The Public Interest Energy Research Natural Gas (PIER-NG) Program, a part of the California Energy Commission, selected for award four contracts from a pool of 25 applicants for research, development, and demonstration of technologies to replace natural gas with renewable resources. The focus of the state solicitation is on biomass-to-gas and/or hybrid projects specifically addressing industrial and commercial process heating or combined heat and power needs.

Diversified Energy Corporation is the prime contractor for the project, providing program management and the biomass gasification technology to be demonstrated. Evergreen Pulp is acting as the host for the project at their kraft pulp mill in Eureka, CA. Diversified Energy® will be introducing an innovative gasification technology called HydroMax®. The advanced gasification approach is based on a proven molten-metals reactor technology. It offers several critical advantages to industrial-scale customers such as Evergreen Pulp, including a compact size for simple integration, biomass feedstock flexibility, synthetic gas (syngas) output variability, and attractive economics. Previous technology development has included bench-scale tests and extensive analyses and modeling with a variety of hydrocarbon-based inputs. The PIER-NG program allows for the next logical step in the evolution of the HydroMax technology. Based on the results of these tests, coupled with a series of other on-going development and commercialization contracts, Diversified Energy is rapidly accelerating the transition of HydroMax into the commercial marketplace.

Evergreen Pulp, Inc is the largest unbleached kraft pulp mill in the U.S. The project for the state of California will place a single demonstration-scale reactor at the mill. The reactor will gasify low-value excess wood fines to create syngas. This syngas will be pumped into the burners of a process heating facility, offsetting the natural gas currently being used. David Tsang, CEO of Evergreen Pulp, remarked on the project, “We are excited to move towards the implementation of this green technology that could eliminate our dependency on natural gas and produce biomass hydrogen for fuel cells at the same time. Through such projects, we endeavor to do our part in supporting California as a leader in the field of renewable fuel development.” “Evergreen Pulp is the perfect partner for this effort and we can’t wait to begin replacing their natural gas with a renewable resource. HydroMax® offers an ideal solution to address the challenges faced with the high costs and price instability of natural gas,” stated Phillip Brown, President and CEO

Changing the Balance of Power

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of Diversified Energy Corporation.

The two companies have also discussed activities beyond the initial PIER-NG demonstration. This broader relationship could include installation of a full-scale HydroMax[®] system capable of generating enough high-Btu syngas to replace all of the natural gas consumed at the Eureka, CA plant. This would make Evergreen Pulp the first U.S. pulp mill to run its operations entirely fossil-fuel free.

About Diversified Energy Corporation:

Headquartered in Gilbert, Arizona (a suburb of Phoenix), Diversified Energy Corporation (www.diversified-energy.com) is a privately held alternative and renewable energy company focused on maturing innovative technologies, developing commercial energy projects, and providing engineering services support to project developers. Principal areas of expertise include biofuels, gasification, and next-generation solar.

About Evergreen Pulp, Incorporated:

Evergreen Pulp, Inc (www.evergreenpulp.com) is the largest unbleached kraft pulp mill in North America. It is certified by the Chlorine Free Products Association as being capable of producing totally chlorine free (TCF) pulp. Evergreen's pursuit of energy conservation and cost effectiveness places us not just as a respected member of Northern California's business community, but also as a friend of the environment.

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